

1-1 By: Ellis S.B. No. 963
1-2 (In the Senate - Filed February 19, 2009; March 9, 2009,
1-3 read first time and referred to Committee on State Affairs;
1-4 April 1, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 1, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 963 By: Ellis

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to regulation of premium rates for long-term care
1-11 insurance.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subchapter B, Chapter 1651, Insurance Code, is
1-14 amended by adding Section 1651.056 to read as follows:

1-15 Sec. 1651.056. REVIEW; APPROVAL OR DISAPPROVAL OF PREMIUM
1-16 RATES. (a) A long-term care premium rate may not be used until the
1-17 rate has been filed with the department and approved by the
1-18 commissioner.

1-19 (b) The commissioner may disapprove a long-term care
1-20 premium rate that is not actuarially justified or does not comply
1-21 with standards established under this chapter or adopted by rule by
1-22 the commissioner.

1-23 (c) An insurer who obtains the commissioner's approval of an
1-24 increase of a long-term care premium rate under Subsection (a)
1-25 shall:

1-26 (1) notify policyholders of the scheduled rate
1-27 increase at least 30 days prior to the date that the policyholder is
1-28 required to make a premium payment at the increased rate; and

1-29 (2) offer to:

1-30 (A) continue coverage at the increased rate;

1-31 (B) reduce policy benefits provided by the
1-32 long-term care coverage in effect immediately before the scheduled
1-33 increase without the requirement of additional underwriting so that
1-34 the premium payments required are not increased; or

1-35 (C) convert the coverage to a paid-up status with
1-36 a shortened benefit period.

1-37 (d) The offer to reduce policy benefits under Subsection
1-38 (c)(2)(B) or convert coverage under Subsection (c)(2)(C) must be
1-39 made subject to terms approved by the commissioner.

1-40 (e) A policyholder shall elect whether to accept the offer
1-41 to continue coverage, reduce policy benefits, or convert coverage
1-42 under Subsection (c) not later than the 30th day after the date of
1-43 the notice that the insurer provides under Subsection (c).

1-44 (f) A policyholder who fails to make an election that
1-45 complies with Subsection (e) is considered to have elected to
1-46 continue coverage at the increased rate.

1-47 SECTION 2. This Act applies only to a long-term care
1-48 insurance policy, contract, or evidence of coverage that is
1-49 delivered, issued for delivery, or renewed on or after January 1,
1-50 2010. A long-term care insurance policy, contract, or evidence of
1-51 coverage delivered, issued for delivery, or renewed before January
1-52 1, 2010, is governed by the law as it existed immediately before the
1-53 effective date of this Act, and that law is continued in effect for
1-54 that purpose.

1-55 SECTION 3. This Act takes effect September 1, 2009.

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